

Proposed Findings of Fact and Conclusions of Law

Proposed Findings of Fact

1. Rate WR was established as one component of a plan for Boston Edison to provide service to the MWRA's Deer Island wastewater treatment facility that also involved separate arrangements under which the MWRA paid for on-island, backup generation facilities as well as a submarine electric cable to Deer Island. (Exh. MWRA-LS, pp. 3-4; RR-AG-1-A, pp. 2-13; *Boston Edison Company*, D.T.E. 90-288 (1991))
2. The load served under Rate WR is the largest single load served by Boston Edison; it is served at the 115 kV level, and has very favorable load characteristics (RR-MWRA-1, Exh. MWRA-LS, pp. 3-4; RR-AG-1-B, pp. 53-54; *Boston Edison Company*, D.T.E. 90-288 (1991))
3. Rate WR was initially proposed and approved as a cost-based rate and, when last reviewed by the Department, was covering all allocable costs. (Exh. MWRA-LS, p. 3; RR-AG-1-B, pp. 52-54, 65-66; *Boston Edison Company*, D.T.E. 90-288, p. 13 (1991); *Boston Edison Company*, D.T.E. 92-92 (1992); Tr. 85-88)
4. The Company's last two allocated cost of service studies indicate that, prior to restructuring, there was more than an 0.8¢ differential in the "production" or "generation" costs allocated to Rate WR relative to those allocated to electric service generally. (Exh. DTE-1-4, Attachment B, Schedule 20, p. 1A; RR-MWRA-2, Schedule 20, pp. 2A and 2B)
5. In 1997, Boston Edison and several other parties (including the Attorney General, but not including the MWRA) entered into and submitted for Department approval a restructuring settlement that provided for rate reductions and a uniform transition charge.

(D.P.U. 96-23 Restructuring Settlement Agreement; *Boston Edison Company*, D.T.E. 96-23 (1998))

6. In its order finding Boston Edison's Restructuring Settlement to be "consistent with or substantially compl[ying] with" the Restructuring Act, the Department determined that the Restructuring Settlement did not "specifically cover" Rate WR. (*Boston Edison Company*, D.T.E. 96-23, pp. 37, n. 22 (1998))
7. In its order finding Boston Edison's Restructuring Settlement to be "consistent with or substantially compl[ying] with" the Restructuring Act, the Department concluded that in light of "the unique load characteristics of MWRA's Deer Island facility and the corresponding relatively low average unit cost of service, a strict application of the unbundling method applied to other rate classes contained in the Settlement" would lead to unreasonable results and, as a result, ordered the Company to adopt a bundled WR rate. (*Boston Edison Company*, D.P.U./D.T.E. 96-23, pp. 36-38 (1998))
8. Prior to the change in Transition Charge reconciliation methodology adopted in the settlement between Boston Edison Company and the Attorney General that was approved on November 16, 2001 in D.T.E. 02-82, a uniform Transition Charge was not paid by the Company's individual rate classes, and further, individual customers on the Company's rates with demand charges or time of use elements still do not pay the "uniform" Transition Cost charge. (Exh. MWRA-LS, p. 8)
9. The impact of the M.D.T.E. No. 974 would be a \$1.2 million (more than 70 percent) increase in charges paid by MWRA for power delivered to Deer Island. (RR-DTE-1, Exh. MWRA-LS, p. 5)

CONCLUSIONS OF LAW

1. Under G.L. c. 164, § 94, the Company bears the burden of proof in regard to proposals to change existing rates.
2. Rate WR (in particular, the Distribution and Transition Charges in Rate WR) “is not tied to the generation supply of MWRA...,” so the mere fact that the MWRA has discontinued Standard Offer service in favor of a competitive supply of power is not sufficient to support a proposal to increase the rate paid by the MWRA.
3. Company has not claimed or presented any proof to support a finding that it requires additional revenues under the existing Rate WR to cover fully the costs allocated to the loads covered by that rate.
4. Neither the General Laws, the Department’s restructuring regulations or the Department’s past decisions require that Rate WR include a transition charge equal to the “uniform Transition Charge.”
4. Increasing the Rate WR Transition Charge to the level of the “uniform” Transition Charge would result in an unfair and unreasonable shift of responsibility for Transition Costs onto Rate WR that had previously and appropriately been the responsibility of other customers to whom the associated “production” or “generation” costs had been allocated prior to restructuring.
5. The rates set forth in M.D.T.E. No. 974 are not supported by any evidence, are unreasonable, and should be rejected.